

[Reference Project: Deutsche Post In Haus Service]

Deutsche Post 

IN HAUS SERVICE

Company

Deutsche Post In Haus Service GmbH is a wholly-owned subsidiary of Deutsche Post AG and excellently positioned in the German market for both upstream and downstream mail handling.

Sector

Logistics

Facts & Figures

Year established: 1996
Employees: 1,450
Head office: Bonn
Turnover 2005: > € 110 million
CEO: Klaus Hasenauer

The Challenge

To shift from manual sorting to mechanized mail processing in DPIHS Service Centres.

Products used

Kleindienst MailScanner SC60HC-MN
Image processing and recognition software
ProSort 3

Benefits of the Beta Systems solution used here

Very large quantities of mail can be processed much more quickly with a minimized error rate using the MailScanner from Beta Systems. Outgoing mail can be sorted to optimize postal charges, and addresses from undeliverable mail automatically corrected in the master data.

Competitive advantage

The commercial use of MailScanner technology means that DPIHS's competitiveness can be maintained and developed in an opening market. DPIHS customers – companies who have large quantities of outgoing mail – benefit from faster handling and make significant savings on postage.

Deutsche Post In Haus Service GmbH relies on tried-and-tested MailScanner technology from Beta Systems

The wise man takes precautions

There are times when the dividing line between user and manufacturer simply becomes blurred, and this is the case with Deutsche Post In Haus Service (DPIHS) GmbH and the MailScanner used in its Munich Service Center. Tried-and-test standard scanner products from Beta Systems have been optimized here in close collaboration between the two organizations to meet DPIHS's additional requirements. The outcome is a technology that enables this Deutsche Post AG subsidiary to maximize customer satisfaction and above all to be well-prepared for the demands of a mail-handling market which is currently undergoing radical change.

Set up in 1996, DPIHS sees itself as an extension of its parent company. "We take on activities that occur prior to delivery to the post office, like franking and sorting, as well as downstream tasks such as the entire internal post distribution", explains CEO Klaus Hasenauer. In principle entire post rooms are being taken over, including employees. The concept is growing because large companies in particular are increasingly outsourcing areas of the business like mail processing that do not fall within their own range of core competencies.

In the meantime this Deutsche Post subsidiary has acquired over 190 customers across all sectors. A number of internal mail rooms like this have been extended in recent years into complete service centers, handling the entire processing of incoming and outgoing mail for other com-

panies in the region too. The advantage is that these mail rooms can be operated even more cost-effectively.

Automated mail sorting: yes or no? It's simply a question of cost-effectiveness

Long-term cost-effectiveness was uppermost in people's minds when DPIHS was considering how outgoing mail processing could be supported in future by an automated mail scanning system, offering better quality into the bargain. "We were never really that happy with having thousands of letters in the Service Centers being sorted and distributed by hand", says Dieter Bauer, Resource Control Manager at DPIHS.



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Massive cost savings by optimizing postal charges: Beta Systems technology means larger quantities of mail can be handled as quickly as possible

For quite some time, DPIHS had been on the look-out for technology suited to handling larger quantities in future and offering even better quality. A number of manufacturers of scanning and sorting equipment were investigated, but only Beta Systems Software AG was ultimately in a position to deal with DPIHS's extensive custom requirements. In an initial pilot project the Kleindienst MailScanner SC 60HC-MN was tested in Beta Systems' Augsburg office. "Beta Systems employees there very quickly got a feel for what we actually need and what our requirements look like," remembers Dieter Bauer.

To try it out on real mail, a test was carried out in the Siemens AG mail room in Munich's Hofmannstrasse where DPIHS operates one of the largest Service Centers in the country. With over 25 years' experience of standard scanner technology products, Beta Systems was able to ensure that the MailScanner could be further enhanced in situ and therefore quickly adapted to DPIHS's particular needs. The outcome is that the MailScanner performs valuable services for the mailing company in its Service Center today, rapidly sorting outgoing mail.

Lower postal charges: large customers benefit from discounts

The Munich Service Center processes the outgoing mail of three major customers – all public authorities in Munich. They are able to take advantage of discounts on postal charges because together they produce a sufficient quantity of letters. The MailScanner was designed precisely for cases like this, and this is where its greatest benefit is derived.

The regulation of Deutsche Post's so-called partial performance directive means that a 19% discount on postal charges can be claimed by anyone sending more than 500 letters a day within a post code region – denoted by the first two numbers of the post code. This is the case with the three large customers in Munich. Their letters come pre-franked to Hofmannstrasse. With the help of postage information contained in the franking, the Mail-Scanner recognizes the format – 55 cents: standard letter, 90 cents: compact letter – picks out the post code region, numbers the letters and sorts them accordingly.

Each step in the process happens automatically

There are a great many steps in the process that have to be carried out every single day in order to identify whether the necessary quantity of letters has been accumulated to qualify for the discount within Deutsche Post's narrow terms. But now these steps in the process are automated and carried out by Beta Systems'



"Investment in new technology has to be worth it, and this is why we took so much trouble when making our choice. We are convinced that we will be able to carry out our processes as efficiently as possible over the long term with MailScanners from Beta Systems Software."

Klaus Hasenauer
CEO of DPIHS GmbH



sorting equipment, it is all done much more quickly.

The new technology means that outgoing mail can be comprehensively handled with a much higher quality result – not only in terms of speed, but with a significantly lower error rate. Dieter Bauer: “Beta-Systems technology is simply a more cost-effective way of separating 13,000 letters a day by format, postage or post code region and sorting hand-written letters.”

Outstanding reading and sorting capability

This is where mechanized sorting really impresses: taking out and isolating letters and being able to reload them is one of the MailScanner’s core services alongside calculating throughput, with at least 98% being sorted correctly in the end. The performance is evident, with more than 90% of machine-printed addresses and more than 99.5% of bar codes being located and read automatically.

Employees’ working conditions have also improved. They simply place letters on the machine and take them out at the other end. All steps are now combined and completed in one work process. While the equipment was being developed, Beta Systems and DPIHS concentrated above all on ergonomic requirements. The sorters are suitable for one-man operation, give visual and sound signals when compartments need emptying, stop if a compartment is full, and can be emptied while the

operation continues to run, all without disturbing the sorting sequence.

For those in charge at DPIHS, it was particularly important that the operations could be run autonomously. A Beta Systems engineer should not have to be called out for every little thing. For example, sorting plans are frequently changed, from post code region 81 to 82 for instance, or re-set. They can simply be retyped and integrated into the system without requiring external assistance. The same applies for changes to the keyword database on which they are based. It can take up to 1,000 entries with very different address variations: from “München 80” to “Muenchen 80” and “Münchn 80” to “Munchen 80”. “Augsburg 86”, “Aügsborg 86” and “A#gsburg 86” have also been entered so that the rate of identification is as high as possible. Alternatively unclear matches can be made using larger databases with the help of a Fuzzy Server.

These benefits are of particular interest when you consider that consolidation may be permitted in the future. To give an example: customers A, B and C each have mail quantities that do not individually reach the threshold of 500 letters a day to qualify for a discount. If consolidation were permitted, the threshold could be reached by combining mail from several customers and despatching it as one joint quantity. This would mean that smaller customers could enjoy the benefit of reduced postal costs. This is where the benefits of using MailScanner technology would increase significantly once again. However until

this is possible, the sorters are preferred by major customers who produce the kind of quantities of mail that make them eligible for discounts. As well as the DPIHS Service Center in Munich, more machines are to be acquired for similar centers in Augsburg, Frankfurt and Koblenz.

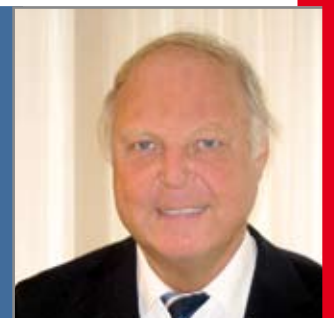
Recognizing international letters

Another extension option with the MailScanner which Beta and DPIHS engineers are currently working on is the automatic identification and sorting of international mail. Until recently international mail used to cost as much as domestic mail. This has now changed but old habits die hard, leading to many international letters being incorrectly franked. When these go through the MailScanner, they are recognized and have to be correctly franked afterwards. This is currently being done via a combined analysis of post code and town names. Alternatively, an additional identification can be performed using country names or abbreviations.



“Beta Systems technology is simply a more cost-effective way of separating 13,000 letters a day by format, postage or post code region and sorting hand-written letters.”

Dieter Bauer
Resource Control Manager
DPIHS GmbH



Taking special requests into account: mail can be assigned to customers' individual cost centers

DPIHS is already in a position to use its equipment to fulfill special requests from customers, such as an itemized statement by cost center for example. Klaus Hasenauer: "Some customers want the mail we get to be allocated accurately to their internal cost centers. When that's the case, we receive the mail with a barcode on it, the MailScanner reads and collates the cost center information and passes it on to the customer."

Another additional application: DPIHS employees used the equipment to sort postal voting letters for the last Bundestag elections on behalf of the city of Munich. These had to be split across a total of 25 electoral offices which were identified on the letters by barcode. Using the MailScanner the letters were allocated to individual offices – faster than would have ever been possible by hand. Dieter Bauer: "Each additional application we offer with the scanners significantly increases the cost-effectiveness of the equipment again", such as identifying registered letters. These can be automatically recognized using Beta Systems' MailScanner technology, which means that these letters do not enter the normal post flow and can therefore be delivered more quickly.

Customer satisfaction with DPIHS is on the increase – also thanks to perfected Beta Systems technology

DPIHS is happy that it has invested early in technology with a promising future. In the long-term this should also be reflected in growing customer satisfaction with all its Service Centers. DPIHS regularly surveys all customer employees who have dealings with the mail room. Among other things it covers the flexibility and competence of mail room employees, the quality of the delivery and the number of items despatched. In the latest survey sent to the Association of German Chambers of Industry and Commerce (DIHK), located in Berlin's House of the German Economy, satisfaction turned out to be very positive once again at 95%, with quality of service evaluated without exception as "good" or "very good".

Therefore with Beta Systems sorting machines, the company is prepared for the challenges ahead in terms of customer satisfaction. If the market opens up further, then the right equipment is there for it to retain its competitiveness. At the post office too, people know that the wise man takes precautions.

Key figures:

13,000 items of outgoing mail a day
 Three major customers in the Munich Service Center with more than 500 letters per post code region per day
 Scanner speed: 5,000 per hour

Identification rate:

- machine-printed addresses: > 90%
- barcodes: > 99.5 %

Beta Systems Software AG

Beta Systems Software AG develops high-quality software products and solutions for the secure and efficient processing of large quantities of data, and is among the leading medium-sized, independent European providers of software solutions in its market segment. Our products and solutions support users in the automation, safeguarding and traceability of their business processes within the three core areas of:

- user management (business segment IdM)
- document management (business segment ECM)
- information management in computer centres (business segment DCI)

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For more information:

Beta Systems Software AG
 Huebnerstr. 3
 86150 Augsburg
 Germany
 Tel.: +49 (0)821 79 41 0
 Fax: +49 (0)821 79 41 400
 e-mail: ecm@betasystems.com

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"MailScanner technology means that we can fulfil our customers' special requests, such as a statement of discounts by cost center."

Alfred Braun
 Branch Manager of the
 DPIHS Service Centre, Munich

